

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 NEA-10 TRSE-00 SAJ-01 EB-11

OMB-01 /159 R

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R 262029Z OCT 73

FM SECSTATE WASHDC

TO USMISSION NATO

INFO USCINCEUR

CIWCUSAREUR

CINCUSAFE

CINCUSNAVEUR

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E.O. 11652: N GDS

TAGS: EFIN, MCAP, NATO, FR

SUBJECT: US RELOCATION PROJECTS

REFS: (A) USNATO 3334

(B) USNATO 3676

(C) USNATO 3693

(D) USNATO 3696

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1. REF(C) REQUESTS GUIDANCE REGARDING (1) CINCEUR PRO-
POSAL THAT PROPORTIONAL REIMBURSEMENT TO NATO DUE TO SALE
OF REMOVABLE PERSONAL PROPERTY (RPP) AT INSTALLATIONS
IN FRANCE BE MADE FROM RECEIPTS OF RPP SALES, AND (2) DE-

SIRABILITY OF PROCEEDING THIS CY WITH CONSTRUCTION OF APPROVED RELOCATION PROJECTS OF LESSER PRIORITY THAN LOC PORT PROJECTS.

2. ALL PROCEEDS FROM SALE OF RPP HAVE BEEN DEPOSITED TO MISCELLANEOUS RECEIPTS, US TREASURY, AND HENCE ARE NOT AVAILABLE FOR PROPORTIONATE REIMBURSEMENT TO NATO. THE ONLY WAY TO MAKE THIS REIMBURSEMENT, PER COST SHARING AGREEMENTS CONTAINED IN PARA 10 OF DPC/D(68)62, WOULD BE THROUGH WITHHOLDING ARRANGEMENTS, AS ENVISAGED BY USNATO. UNDER THESE ARRANGEMENTS ONE MILLION IAU\$ WILL BE WITHHELD BY USNATO, AND, AFTER AGREEMENT HAS BEEN REACHED ON THE PROPORTION TO BE REIMBURSED TO NATO, THIS AMOUNT-RELATING TO RPP ONLY - WOULD BE PAID THRU ADJUSTMENT

TO THE QUARTERLY INFRASTRUCTURE PAYSHEET. WE CONCUR WITH USNATO PROPOSAL IN USNATO 3696 THAT DOLS. 8,992,000 IS AMOUNT TO BE SHARED WITH NATO. SEE PARAS 4 AND FOLLOWING FOR FURTHER DISCUSSION ON PERCENT REIMBURSEMENT TO NATO, AS REQUIRED IN DPC/D(68)62.

3. ON LOCPORT PROJECTS, WE ARE ADVISED THAT ARMY IS REWORKING CONGRESSIONAL JUSTIFICATION, AND IT IS STILL UNCERTAIN WHAT THE FINAL DECISION WILL BE. IN THE EVENT THE ARMY REQUEST IS DENIED, OR NO FINAL APPROVAL IS OBTAINED FROM THE CONGRESS DURING THE PRESENT SESSION OR BY MARCH 31, 1974, WE FEEL THAT LOCPORT RELOCATION PROJECTS SHOULD GIVE WAY TO THE NEXT SUCCEEDING PROJECTS ON THE APPROVED LIST; I.E., THE POL PROJECTS ON WHICH IT IS UNDERSTOOD THAT FINAL DESIGN IS NEARING COMPLETION AND FOR WHICH CONTRACT AWARD COULD BE MADE EARLY NEXT YEAR. OTHERWISE, THE US WILL BE SUBJECT TO FURTHER NATO CRITICISM FOR DRAGGING ITS FEET ON IMPLEMENTATION OF FRELOC PROJECTS DIRECTLY FUNDED BY NATO.

4. BY DPC/D(68)62, US AGREED, IN THE EVENT THAT FRANCE PAYS PART OR ALL OF THE US CLAIM ARISING OUT OF LOSS
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OF USE OF FACILITIES IN FRANCE, THE US WILL SHARE NET RECEIPTS WITH OUR ALLIES IN SAME PROPORTION THAT NATO REIMBURSEMENT TO US BEARS TO THE TOTAL US OUT-OF-POCKET RELOCATION COSTS. A REIMBURSEMENT TO NATO IS THEREFORE DUE WITH RESPECT TO (A) RPP FOR NET FUNDS REALIZED, AND (B) ANY PAYMENTS MADE BY FRANCE TO US WITH RESPECT TO THE US FRELOC CLAIMS.

5. AS WE SEE IT, THE PERCENTAGE TO BE RETURNED TO OUR ALLIES CAN BE COMPUTED IN TWO WAYS, BOTH SUBSTANTIALLY DIFFERENT (AND LOWER) THAN THE 56.5 PER CENT OF THE RECEIPTS ESTIMATED IN DPC/D(68)62.

COMPUTATION A - MOST FAVORABLE TO US

A. THE COMPOSITION OF THE ALL-INCLUSIVE LIST SUBMITTED
TO NATO IN JUNE 1970 (PER DP/4-2081) TOTALLED DOLS. 206
MILLION, COMPUTED AS FOLLOWS:

PREFINANCED FY 1969	DOLS. 70 MILLION
FY 70 APPROVED MILCON	26
FUTURE REQUIREMENTS	110
TOTAL	206

THE TOTAL COST OF FRELOC TO THE US WOULD BE:

(1) ALL INCLUSIVE LIST (COMPARES TO DOLS. 206 MILLION
DOLS. 96 MILLION)

(2) MOVEMENT COSTS, PER FRENCH CLAIM 102
(COMPARES TO DOLS. 74 MILLION)

(3) US PROGRAMMED COMMUNITY TYPE FACILITIES:

(A) PER ARMY MILCON PROGRAMS
FY 67-73 DOLS. 11 MILLION

(B) PER AF MILCON PROGRAMS
FY 67-73 14 25

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TOTAL COST DOLS. 333 MILLION

THUS, PERCENTAGE TO BE PAID TO NATO WOULD BE 96/333,
OR 28.8 PERCENT, BUT WE RECOGNIZE THAT COUNTING
UNFUNDED COSTS TO THE FAVOR OF THE US MAY NOT BE
ACCEPTABLE TO OUR ALLIES.

COMPUTATION B

THE NATO VS US FUNDED COSTS MAY BE COMPARED AS FOLLOWS
(DOLS. MILLIONS):

	PAID BY	PAID BY	TOTAL
	NATO	US	
- PREFINANCED '69 AND PRIOR	28	42	70
- FY 1970 APP'D MILCON	26	--	26
POST FY 1970	42	--	42
TOTAL	96	42	138

	PAID BY	PAID BY	TOTAL
	NATO	US	

ADD:

(1) MOVEMENT COST, PER FRENCH -- 102 102
CLAIM

(2) (SEE NOTE)
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US FUNDED COMMUNITY SUPPORT -- 25 25
FACILITIES (SEE ABOVE)

TOTAL 96 169 265

NOTE:COMMUNITY SUPPORT FACILITIES INCLUDE:

- A. FAMILY HOUSING (CONSTR CODE 710)
- B. COMMUNITY FACILITIES (CODE 730) -
 - FIRE HOUSES, POLICE STATIONS, BAKERY,
 - LAUNDRY, DRY CLEANING, DEPENDENT
 - SCHOOLS
- C. COMMUNITY FACILITIES FOR MORALE,
WELFARE AND RECREATION, INTERIOR
(CODE 740), AND EXTERIOR (CODE 750)

ON THIS BASIS, PERCENTAGE TO BE PAID TO NATO WOULD BE
96/265, OR 36.2 PER CENT.

6. YOU ARE AUTHORIZED TO NEGOTIATE A COST SHARING
PERCENTAGE MOST FAVORABLE TO THE US -- BETWEEN 28.8 TO
36.2 PER CENT, AS INDICATED ABOVE.

7. IMMEDIATELY UPON SECURING NATO AGREEMENT ON PER-
CENTAGE REIMBURSEMENT, THIS PERCENTAGE MAY BE APPLIED
TO DOLS. 8,992,000 RECEIVED FROM RPP, AND PAYMENT MADE
TO NATO FROM RELOCATION FUNDS WITHHELD BY USNATO.

8. SEPARATE INSTRUCTIONS WILL BE PROVIDED AS TO SOURCE
OF FUNDS TO BE REIMBURSED NATO AS RESULT OF ANY PAYMENTS
RECEIVED BY US FROM OUR FRELOC CLAIM AGAINST FRANCE.
THE SAME AGREED UPON PERCENTAGE AS USED TO SETTLE
THE RPP CLAIM WILL BE APPLICABLE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE211783
Document Source: ADS
Document Unique ID: 00
Drafter: OSD/ISA:MR.MILLER/EUR/RPM:MR.REHFELD:HR
Enclosure: DG ALTERED
Executive Order: 11652 N GDS
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731066/abqcejhg.tel
Line Count: 207
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) USNATO 3334 (B) USNATO 3676 (C) USNATO 3693 (D) USNATO 3696
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Aug-2001 by elyme>; APPROVED <26-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US RELOCATION PROJECTS
TAGS: EFIN, MCAP, FR, NATO
To: NATO INFO USCINCEUR
CIWCUSAREUR
CINCUSAFE
CINCUSNAVEUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005